



3 High-Yield Stocks Paying Up to 9.5%

Description

I probably don't need to remind you about the plight of today's income investor. Bank accounts pay next to nothing; bond yields no longer keep up with inflation; and the average payout on the **S&P/TSX Composite Index** is a measly 2%.

That's why nowadays it's next to impossible to earn a respectable income. But if you know where to look, there are still companies that offer safe, high single-digit yields.

Of course, high payouts usually entail higher risk, but you can minimize the downside by buying quality businesses with low debt loads, ample cash flow, and savvy management teams. Here are three top dividend stocks to get you started.

1. Freehold Royalties Ltd.

Freehold Royalties Ltd.'s ([TSX:FRU](#)) business is easy to wrap your head around. The company fronts oil producers with the cash they need to drill new wells. Once the well starts producing, Freehold is entitled to a cut of the profits.

It's a solid model. Because the firm pays no ongoing drilling expenses, its cost of revenue is virtually zero. This allows Freehold to generate thick operating margins between 40-50%...much higher than your typical oil company.

As a result, the stock is absolutely gushing dividends (pun intended). Today, Freehold pays a monthly distribution of \$0.09 per share. That comes out to an annualized yield of 6%.

2. Crescent Point Energy Corp.

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG) is one of Canada's great success stories. Only 10 years ago, the company was an obscure start-up. Through a series of smart acquisitions, the firm has assembled a great set of shale oil assets throughout Utah and western Canada.

However, there's good reason to believe Crescent Point's best days are still ahead. Executives

are using new drilling techniques to squeeze more barrels of oil out of old wells. That has allowed the company to grow production and cash flow without paying out the nose to acquire new land.

For investors, the main reason to like this stock is the huge dividend. Crescent Point pays a monthly distribution of \$0.23 per share, which comes out to a yield of 9.5%. That's three times larger than the average payout in the Canadian energy industry.

3. Cominar Real Estate Investment Trust

For most of us, managing a rental property is kind of a hassle. That's why I love **Cominar Real Estate Investment Trust** (TSX:CUF.UN). This firm allows you to become a partner with an already established landlord without stepping foot on a single property yourself.

This fund is set up to own real estate, collect rents from tenants, and pass on the income to unitholders. The trust's portfolio consists of 530 office, retail, and industrial properties across eastern Canada. Altogether, its business empire encompasses nearly 40 million square feet of real estate, of which, more than 90% is currently occupied.

For investors, this has translated into a dependable stream of dividends. Since Cominar went public in 1998, the firm has never once cut its payout. Today, the trust delivers a monthly distribution of \$0.12 per unit, which comes out to an annualized yield of 7.7%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:FRU (Freehold Royalties Ltd.)
3. TSX:VRN (Veren Inc.)

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Date

2025/08/27

Date Created

2015/03/31

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